

University of Connecticut (Storrs & Regional Campuses) FY 2013 Budget Review (unaudited)

The following narrative and schedule provide information on the main drivers of the University of Connecticut Storrs-based operating budget. The amounts presented here are forecasts subject to year-end closeout and audit adjustments.

- **Total Revenue** – For the year ended June 30, 2013, total Operating and Research Fund revenues are forecasted to be \$1,044.7 million or \$9.2 million less than budgeted. The Operating Fund is expected to have a negative variance from budget of \$7.6 million and the Research Fund is expected to have a negative variance from budget of \$1.6 million.
 - **State Support** – State support is \$285.1 or 2.5% less than budget. On November 28, 2012, the Governor exercised his authority to rescind State support. The appropriation was reduced by \$10.3 million (approximately \$15 million including fringe benefits). State support represented 27.3% of total revenues.
 - **Tuition & Fees** – Total Tuition & Fee revenue is \$373.5 million or 0.7% less than budget. Revenue collections reflect a 5.5% rate increase coupled with a 0.7% decrease in the number of undergraduate degree-seeking students who account for approximately 86.3% of budgeted tuition revenues.
 - **Grants & Contracts** – This category is \$81.3 million or 0.2% less than budget. While additional federal financial aid funds are included, the forecast anticipates less funding from the Foundation to support Athletics.
 - **Sales & Service Education** – Due to less activity in educational activities, Sales & Service Education revenue is \$0.3 million less than budget.
 - **Auxiliary Enterprise Revenue** – This category is \$186.2 million or \$0.7 million more than budget primarily due to a greater amount of students housed and more meal plans than anticipated in the budget.
 - **Other Revenue** – Revenues from other sources is \$7.6 million or \$2.2 million more than budget due to income from royalty, patent and conference income that was not included as part of the budget.
 - **Research Fund** – This category is \$93.0 million or 1.7% less than budgeted due to less research activity.
- **Total Expenditures** – Total Operating and Research Fund expenditures/transfers are forecasted to be \$1,047.5 million. Operating Fund expenditures are under budget by \$6.2 million and Research Fund expenditures are under by \$1.2 million.
 - **Salaries, Wages & Benefits** – Operating Fund Personal Services expenditures (including fringe benefits) are \$594.6 million or \$12.5 million more than budget mainly due to higher fringe benefit rates than originally budgeted.
 - **Other Expenses** – This category is \$175.6 million or 3.6% more than budgeted. This is attributed to higher expenditures than budgeted in Athletics.

- **Energy** – Energy costs are \$3.1 million less than budget due to favorable prices, as a result of the reverse energy auction, and lower usage.
- **Equipment** - Equipment expenditures are \$18.9 or 5.6% greater than budget due to the fact that units are using their available operating funds to purchase equipment since there were not any capital funds allocated in FY 2013.
- **Transfers** – This line reflected transfers to Plant Funds for various construction projects, and payments for bonds and the installment loan as well as the capital lease for the Cogeneration plant. Transfers are under budget by \$22.8 million due to less funds transferred to Plant for various construction projects.
- **Research** – Research expenditures are \$1.2 million less than budget due to less research activity.
- **Net Loss** – For the year ended June 30, 2013, the University forecasts a loss of \$2.8 million. Reserves will be used to fund this loss.

University of Connecticut
 Storrs & Regional Campuses
 Statement of Current Funds Budget Operations¹ and Variance Analysis
 FY13 Budget & Forecast (unaudited)
 (in millions)

Current Funds Revenues:	Budget	Forecast	Variance	% Change
Operating Fund				
State Support	\$292.5	\$285.1	(\$7.4)	
Tuition	271.6	270.3	(1.3)	
Fees	104.5	103.2	(1.3)	
Grants & Contracts	61.5	63.4	1.9	
Foundation	20.0	17.9	(2.1)	
Investment Income	0.8	0.8	0.0	
Sales & Service Education	17.5	17.2	(0.3)	
Auxiliary Enterprise Revenue	185.5	186.2	0.7	
Other Revenue	<u>5.4</u>	<u>7.6</u>	<u>2.2</u>	
Total Operating Fund	\$959.3	\$951.7	(\$7.6)	-0.8%
Research Fund	<u>94.6</u>	<u>93.0</u>	<u>(1.6)</u>	-1.7%
Total Current Funds Revenues	\$1,053.9	\$1,044.7	(\$9.2)	-0.9%
 Current Funds Expenditures/Transfers:				
Operating Fund				
Salaries & Wages	\$425.7	\$428.5	\$2.8	
Fringe Benefits	156.4	166.1	9.7	
Other Expenses	169.5	175.6	6.1	
Energy	23.7	20.6	(3.1)	
Equipment	17.9	18.9	1.0	
Student Financial Aid	125.5	125.6	0.1	
Transfers	<u>40.6</u>	<u>17.8</u>	<u>(22.8)</u>	
Total Operating Fund	\$959.3	\$953.1	(\$6.2)	-0.6%
Research Fund	<u>95.6</u>	<u>94.4</u>	<u>(1.2)</u>	-1.3%
Total Current Funds Expenditures/Transfers	\$1,054.9	\$1,047.5	(\$7.4)	-0.7%
Use of Reserves	<u>1.0</u>	<u>2.8</u>		
Net Loss²	<u>(\$0.0)</u>	<u>\$0.0</u>	<u>\$0.0</u>	

¹ The University prepares and presents its Operating Budget requests and annual Spending Plan in a current funds format. The current funds format shows gross student tuition and fees and does not net out scholarship allowances, as required in the financial statements which are prepared in the GASB Nos. 34/35 format. Scholarship allowances are shown as an expense item. In addition, the University's current funds format includes equipment purchases as an expense, does not include depreciation or amortization and does not include the State debt service commitment for principal and interest.

² For the fiscal year ended June 30, 2013, the University is forecasted to have a loss of \$2.8 million. Reserves will be used to fund this loss. The actual net loss will depend on year-end accruals and audit adjustments.

**University of Connecticut
Storrs & Regional Campuses
Selected University Statistics**

	Fall <u>1995</u>	Fall <u>1997</u>	Fall <u>1999</u>	Fall <u>2001</u>	Fall <u>2003</u>	Fall <u>2005</u>	Fall <u>2007</u>	Fall <u>2009</u>	Fall <u>2010</u>	Fall <u>2011</u>	Fall <u>2012</u>	Fall 95-12 <u>Growth</u>
<u>Full-Time Staff Headcount*</u>												
Executive/Administrative/Managerial	100	83	89	92	91	100	101	100	105	100	108	8.0%
Executive/Administrative/Managerial-% of Total	2.6%	2.3%	2.3%	2.3%	2.4%	2.4%	2.4%	2.4%	2.4%	2.3%	2.5%	
Faculty	1,148	1,040	1,122	1,130	1,107	1,251	1,294	1,286	1,304	1,330	1,377	19.9%
Faculty-% of Total	30.1%	29.3%	28.9%	28.3%	29.3%	30.3%	30.2%	30.9%	30.2%	31.0%	31.3%	
Professional & Classified Support	2,562	2,429	2,678	2,776	2,584	2,779	2,893	2,779	2,912	2,856	2,920	14.0%
Professional & Classified Support-% of Total	<u>67.3%</u>	<u>68.4%</u>	<u>68.9%</u>	<u>69.4%</u>	<u>68.3%</u>	<u>67.3%</u>	<u>67.5%</u>	<u>66.7%</u>	<u>67.4%</u>	<u>66.6%</u>	<u>66.3%</u>	
Total	3,810	3,552	3,889	3,998	3,782	4,130	4,288	4,165	4,321	4,286	4,405	15.6%
*Based on IPEDS reporting standards.												
<u>Student Headcount (Census)</u>												
Undergraduate	14,667	14,382	15,741	17,630	19,287	20,525	20,846	21,496	21,881	22,472	22,301	52.0%
Graduate/Professional	<u>7,804</u>	<u>6,867</u>	<u>6,500</u>	<u>5,950</u>	<u>6,869</u>	<u>7,073</u>	<u>7,344</u>	<u>7,505</u>	<u>7,623</u>	<u>7,522</u>	<u>7,427</u>	-4.8%
Total	22,471	21,249	22,241	23,580	26,156	27,598	28,190	29,001	29,504	29,994	29,728	32.3%
Students Housed On-Campus	6,957	6,898	8,248	8,856	11,053	11,524	11,205	12,315	12,462	12,661	12,358	77.6%
Degrees Awarded												
Bachelor's	2,941	2,757	2,852	2,837	3,477	3,816	4,354	4,610	4,606	4,747	5,149	75.1%
Total	4,708	4,623	4,461	4,572	5,304	5,966	6,542	6,862	6,931	7,046	7,636	62.2%
<u>State Funding</u>	<u>FY 1996</u>	<u>FY 1998</u>	<u>FY 2000</u>	<u>FY 2002</u>	<u>FY 2004</u>	<u>FY 2006</u>	<u>FY 2008</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	
Total State Support	\$183.1	\$204.2	\$234.9	\$259.4	\$256.5	\$285.7	\$328.2	\$325.4	\$329.0	\$282.4	\$285.1	55.7%
State Support as % of Revenues	43.1%	44.8%	43.4%	41.0%	36.6%	35.4%	35.9%	32.6%	31.1%	27.4%	27.3%	Estimate
<u>Student Costs</u>												
Tuition (In-State)	\$3,900	\$4,158	\$4,158	\$4,448	\$5,260	\$6,096	\$6,816	\$7,632	\$8,064	\$8,256	\$8,712	
Mandatory Fees	<u>910</u>	<u>1,084</u>	<u>1,246</u>	<u>1,376</u>	<u>1,552</u>	<u>1,816</u>	<u>2,036</u>	<u>2,254</u>	<u>2,352</u>	<u>2,414</u>	<u>2,650</u>	
Tuition & Mandatory Fees	\$4,810	\$5,242	\$5,404	\$5,824	\$6,812	\$7,912	\$8,852	\$9,886	\$10,416	\$10,670	\$11,362	
Tuition & Mandatory Fee Increases	2.08%	5.39%	1.39%	4.07%	10.69%	5.63%	5.86%	5.87%	5.36%	2.44%	6.49%	Compounded 5.19%
Room & Board Rates	\$5,124	\$5,462	\$5,660	\$6,298	\$6,888	\$7,704	\$8,850	\$10,120	\$10,782	\$11,050	\$11,380	
Total Student Costs	\$9,934	\$10,704	\$11,064	\$12,122	\$13,700	\$15,616	\$17,702	\$20,006	\$21,198	\$21,720	\$22,742	
Total Cost Increases	1.53%	4.17%	1.75%	3.98%	7.91%	4.85%	6.46%	6.18%	5.96%	2.46%	4.71%	Compounded 4.99%

University of Connecticut Health Center

FY 2013 Budget Review (unaudited)

The following narrative and chart provide information on the main drivers of the University of Connecticut Health Center financial results. The amounts presented here are forecasts subject to year-end closeout and audit adjustments.

- **Executive Summary** – The FY13 forecast is impacted negatively by lower than expected net patient care revenue and a reduction to the general fund appropriation, and higher expenditures for salaries & wages, fringe benefits costs and an increase in drug costs. On the positive side, expense savings for outside purchased services and medical/dental house staff are forecasted to be achieved or under budget.

The overall loss for Fiscal Year 2013 is forecasted to be \$7.9 million. The following explanations exclude discussion of Correctional Managed Health Care. Any savings achieved by CMHC flow to the Department of Corrections and have no impact on UCHC.

- **Total Revenue** – For the year ended June 30, 2013, Total Revenues including total “State Support” are forecasted to be \$816.7 million. Total revenue is forecasted to be below budget projections by about \$12.3 million or 1.5%. Negative results in net patient care revenues and state support revenue are the primary drivers for the overall difference.
 - **Research** – Forecasted Research revenues, for the year ended June 30, 2013, are favorable to budget by \$3.4 million or 3.7%. The favorable variance to budget is caused by greater Federal grant revenue of \$2.9 million. This is offset by an increase in sub contract expense of \$3.0 million which is accounted for in other expenses.
 - **Net Patient Revenue** – For the year ended June 30, 2013, Net Patient Revenue is forecasted to be below budget by \$7.3 million. The variances by unit are as follows:
 - JDH - \$1.6 million above budget due to an increase primarily in reimbursement rates.
 - UMG - \$8.9 million below budget, which is attributable to a decrease in volume and the result of a higher proportion of Medicare and Medicaid (mix change) to total visits.
- **Total State Support** – The State appropriation budgeted for FY13 totaled \$176.0 million including the Fringe Benefit Differential of \$13.5 million. The appropriation was reduced during FY13 by \$4.1 million excluding the fringe benefit impact. The forecasted State appropriation represents 21.2% of UCHC revenues.

- **Total Expenditures** – For the year ended June 30, 2013, Total Expenditures are forecasted to be below budgeted amounts by \$4.3 million or 0.5 %. The following are variances by categories of expense:
 - **Salaries & Wages** – For the year ended June 30, 2013, Salaries & Wages expenditures are forecasted to be above budget by \$4.5 million. This increase is mainly attributed to increased faculty recruitment.
 - **Fringe Benefits** – For the year ended June 30, 2013, Fringe Benefit expenditures are forecasted to be above budget by \$5.3 million. The increase is attributable to a higher actual retirement rate charged by the comptroller and the options for retirement selected by both new hires and employees who can convert to the new hybrid plan.
 - **Other Expenses** – For the year ended June 30, 2013, other expenses are forecasted to be above budget by \$3.6 million or 15.1%. The major driver for this is research related sub contracts which are over budget by \$3.0 million. This is offset by an increase in research revenue noted above.
 - **Medical/Dental House Staff** – For the year ended June 30, 2013, medical/dental house staff expenditures are forecasted to be below budget by about \$5.7 million or 12.3%. This is due to a rebate of previous years FICA tax paid by John Dempsey Hospital for the interns & residents program.
 - **Outside & Other Purchased Services** – For the year ended June 30, 2013, outside and other purchased services are forecasted to be under budget by \$3.4 or 6.3%. The decrease is attributable to John Dempsey Hospital decreased contracts for marketing, Sleep lab and food and nutrition departments.
- **Net Gain (Loss)** – For the year ended June 30, 2013, the Health Center is forecasting a loss of \$7.9 million.

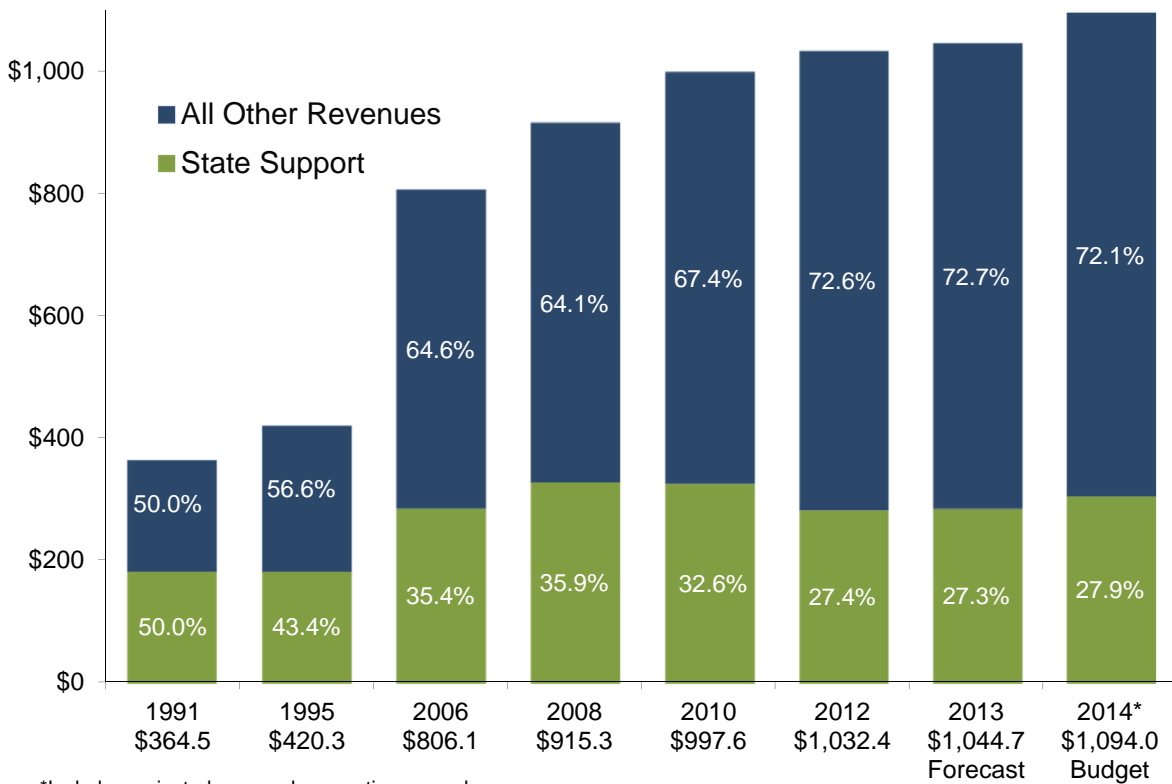
University of Connecticut Health Center
Statement of Current Funds Budget Operations and Variance Analysis
FY13 Budget & Forecast (Unaudited)
(in millions)

Current Funds Revenues:	Budget	Forecast	Variance	% Change
State Support	\$176.0	\$172.1	(\$3.9)	
Tuition and Fees	18.5	18.3	(0.2)	
Gifts, Grants & Contracts	91.2	94.6	3.4	
Interns & Residents	55.3	54.9	(0.4)	
Net Patient Care	366.5	359.2	(7.3)	
Correctional Managed Health Care	86.9	80.7	(6.2)	
Other Income	<u>34.6</u>	<u>36.9</u>	<u>2.3</u>	
Total Current Funds Revenues	\$829.0	\$816.7	(\$12.3)	-1.5%
Current Funds Expenditures / Transfers:				
Salaries & Wages	\$333.6	\$338.1	\$4.5	
Fringe Benefits	135.4	140.7	5.3	
Medical Contractual Support	19.0	18.1	(0.9)	
Medical/Dental House Staff	46.4	40.7	(5.7)	
Correctional Managed Health Care	86.9	80.7	(6.2)	
Outside Agency Per Diem	2.0	2.1	0.1	
Drugs/Medical Supplies	65.4	65.2	(0.2)	
Utilities	13.4	11.9	(1.5)	
Outside & Other Purchased Services	53.6	50.2	(3.4)	
Insurance	6.0	5.8	(0.2)	
Repairs & Maintenance	10.6	11.3	0.7	
Other Expenses	23.9	27.5	3.6	
Depreciation	<u>32.7</u>	<u>32.3</u>	<u>(0.4)</u>	
Total Current Funds Expenditures / Transfers	\$828.9	\$824.6	(\$4.3)	-0.5%
Net Gain (Loss)	<u>\$0.1</u>	<u>(\$7.9)</u>	<u>(\$8.0)</u>	

University of Connecticut

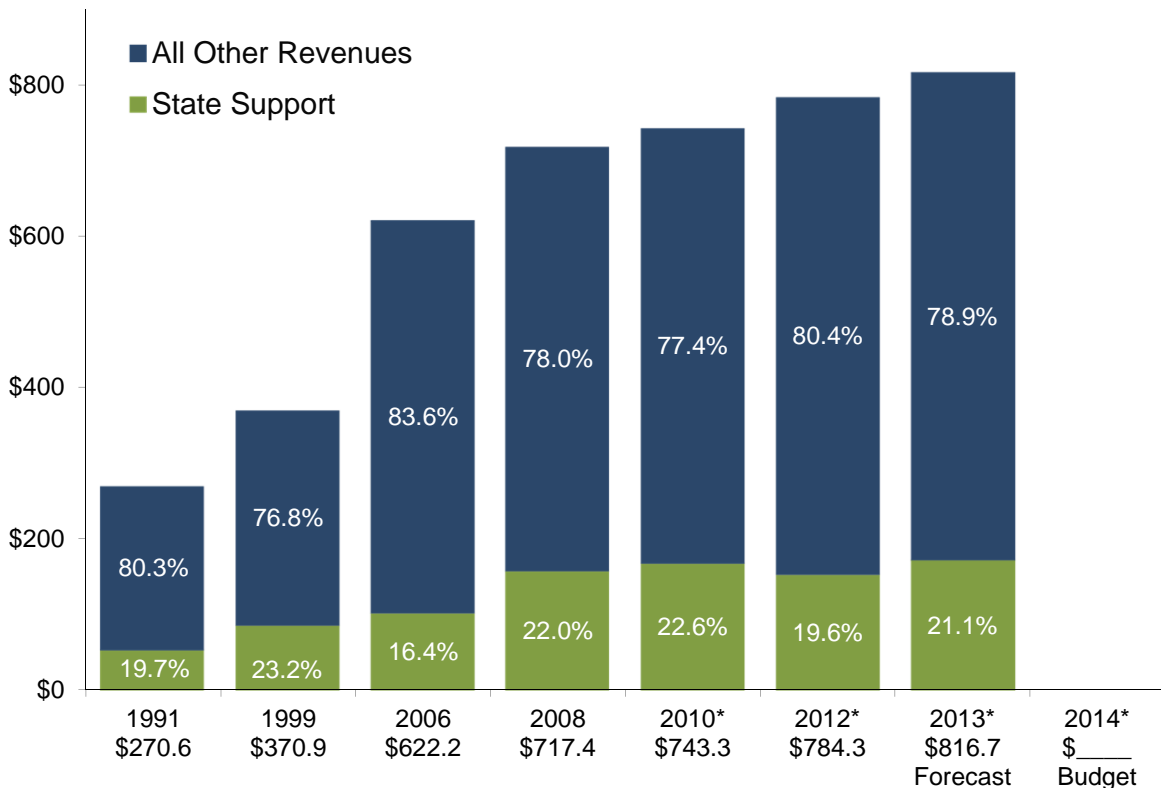
Storrs & Regional Campuses

Comparison of Total Current Funds Revenues (in millions) - Selected Fiscal Years



University of Connecticut Health Center

Comparison of Total Current Funds Revenues (in millions) - Selected Fiscal Years



University of Connecticut

Current Funds - Actual and Proposed

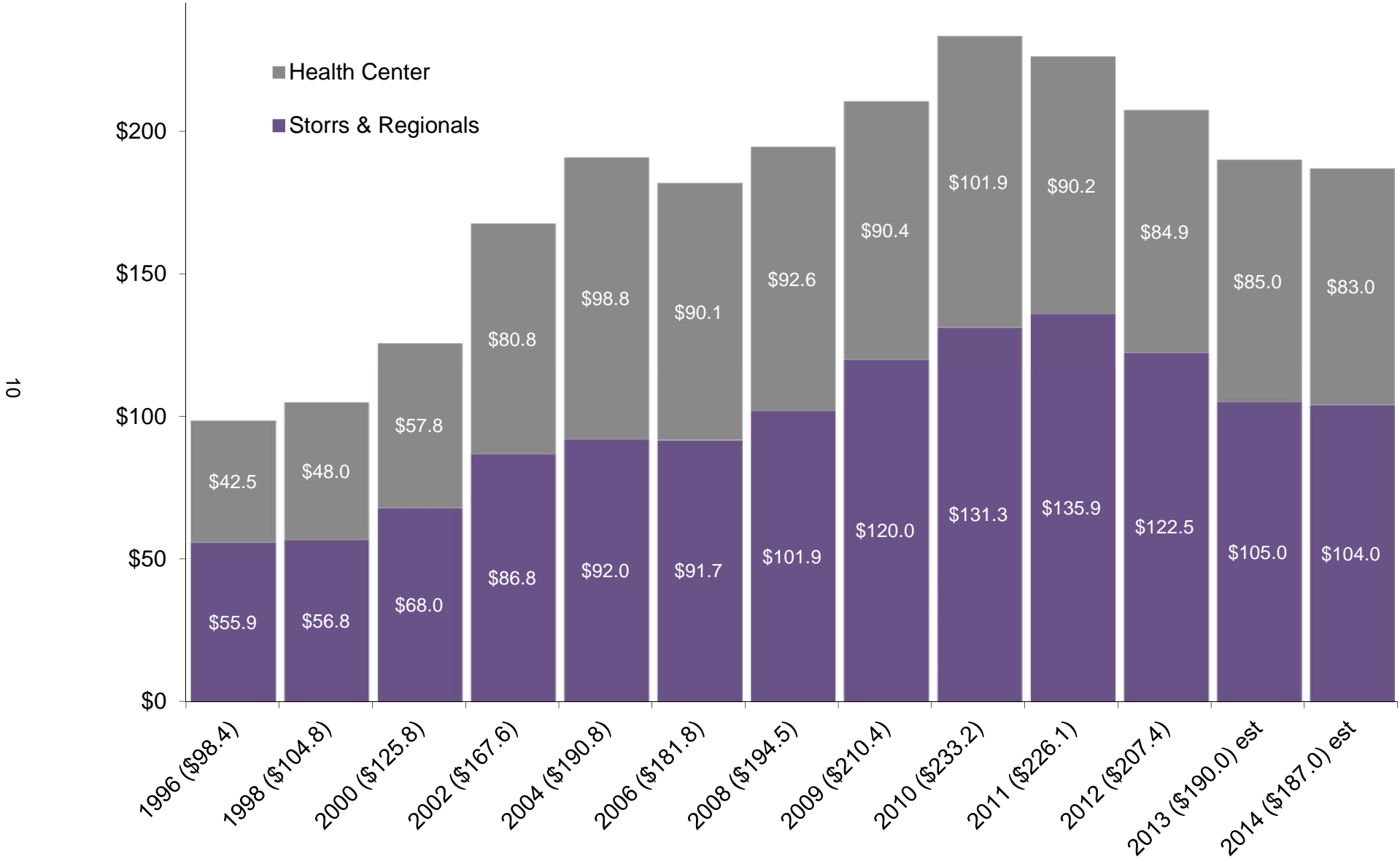
Fiscal Years Ended June 30, 2011-2014 (in millions)

	Actual FY 2011		Actual FY 2012		Forecast FY 2013		Proposed FY 2014	
	Storrs +	UCHC*	Storrs +	UCHC*	Storrs +	UCHC*	Storrs +	UCHC*
Revenues:								
State Support	\$329.0	\$173.2	\$282.4	\$153.4	\$285.1	\$172.1	\$304.8	\$304.8
Tuition & Fees	338.4	17.3	356.9	17.5	373.5	18.3	396.2	396.2
All Other Revenues	<u>390.8</u>	<u>576.3</u>	<u>393.1</u>	<u>613.4</u>	<u>386.1</u>	<u>626.3</u>	<u>393.0</u>	<u>393.0</u>
Total Revenues	<u>\$1,058.2</u>	<u>\$766.8</u>	<u>\$1,032.4</u>	<u>\$784.3</u>	<u>\$1,044.7</u>	<u>\$816.7</u>	<u>\$1,094.0</u>	<u>\$1,094.0</u>
								Not available
Expenditures:								
Salaries & Wages	\$413.0	\$311.5	\$414.2	\$327.9	\$428.5	\$338.1	\$461.0	\$461.0
Fringe Benefits	148.3	108.9	151.0	113.4	166.1	140.7	191.4	191.4
All Other Expenses	<u>480.2</u>	<u>342.5</u>	<u>463.3</u>	<u>343.3</u>	<u>452.9</u>	<u>345.8</u>	<u>460.4</u>	<u>460.4</u>
Total Expenditures	<u>\$1,041.5</u>	<u>\$762.9</u>	<u>\$1,028.5</u>	<u>\$784.6</u>	<u>\$1,047.5</u>	<u>\$824.6</u>	<u>\$1,112.8</u>	<u>\$1,112.8</u>
Gain (Loss)	<u>\$16.7</u>	<u>\$3.9</u>	<u>\$3.9</u>	<u>(\$0.3)</u>	<u>(\$2.8)</u>	<u>(\$7.9)</u>	<u>(\$18.8)</u>	<u>(\$18.8)</u>
Use of Reserves					2.8	2.8	18.8	17.6
Transfer from Reserves to State General Fund	<u>(15.0)</u>		<u>(15.0)</u>					
Net Gain (Loss)	<u>\$1.7</u>		<u>\$5.6</u>		<u>\$0.0</u>	<u>(\$7.9)</u>	<u>\$0.0</u>	<u>(\$1.2)</u>

*UCHC numbers include the fringe benefit differential for John Dempsey Hospital.

University of Connecticut

Research, Training & Public Service External Awards (in millions) - Fiscal Years 1996-2014



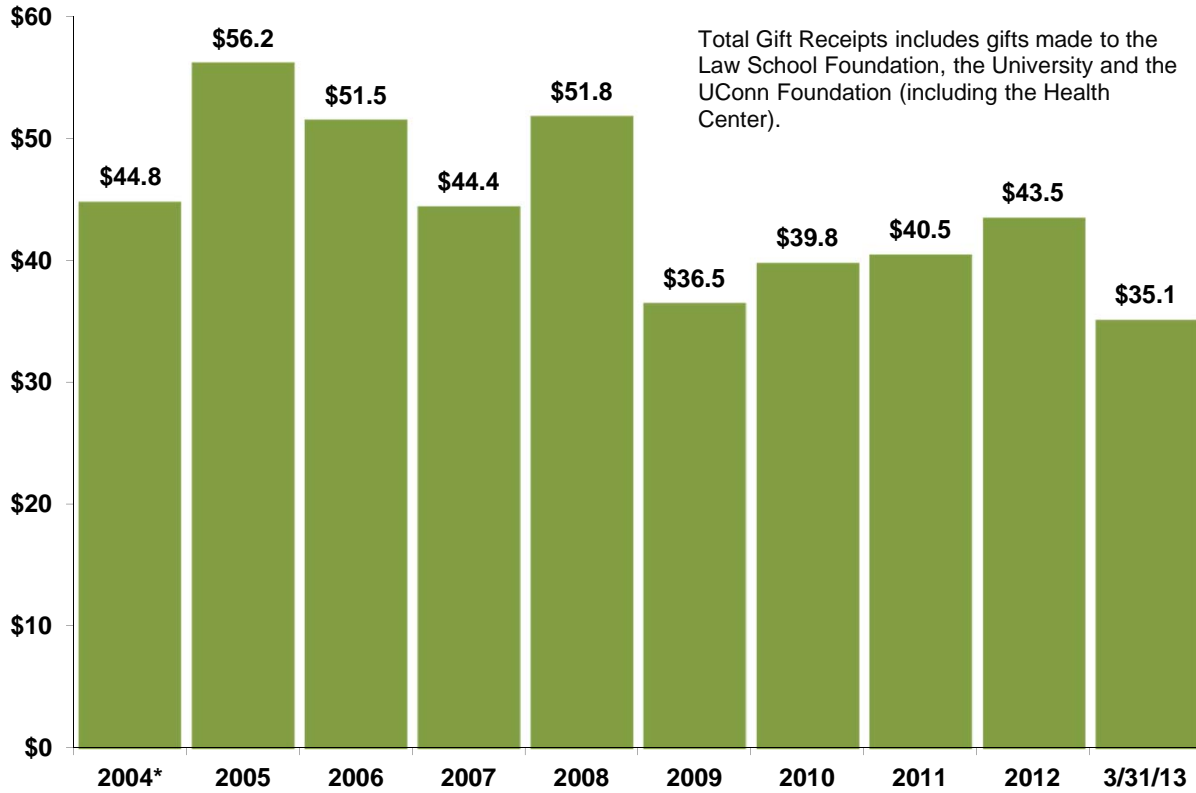


The University of Connecticut
FOUNDATION
I N C O R P O R A T E D

Private Support in FY 2013

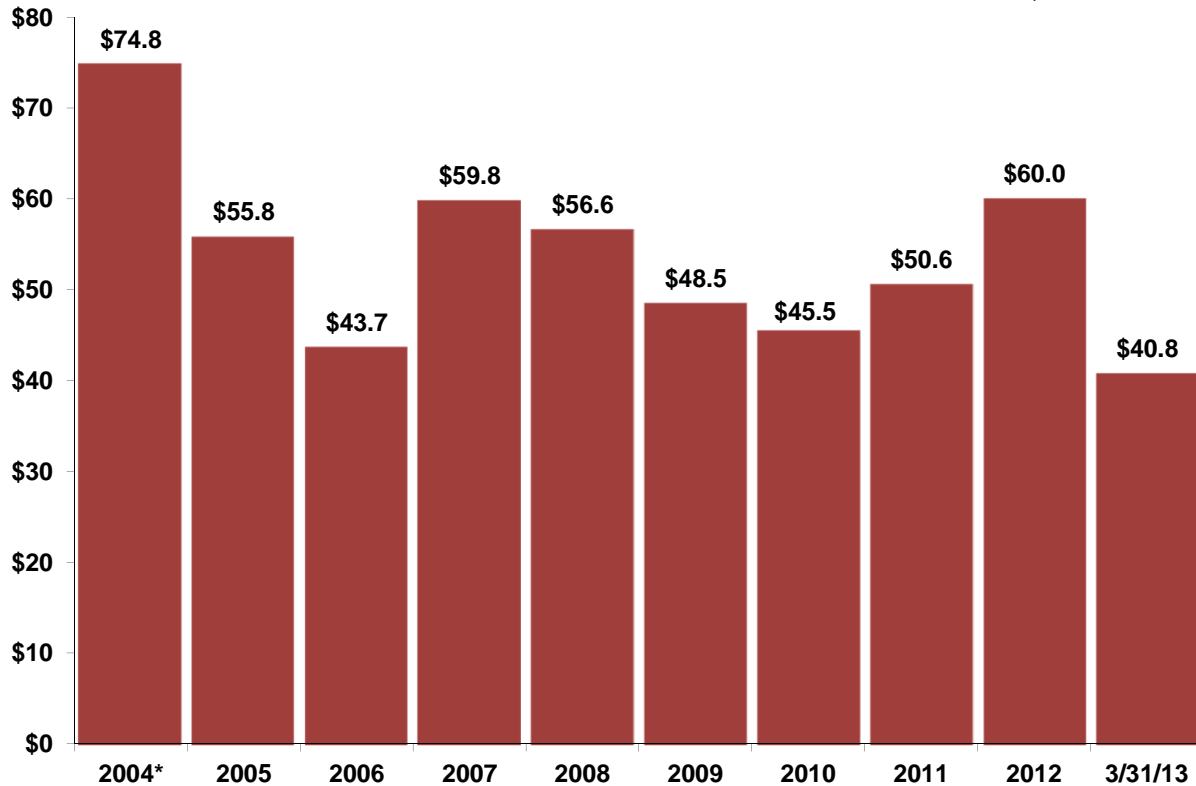
- New gifts and commitments totaled \$58.8M as of 5/31/13 or 93% of the \$63.0M goal
- Cash basis gift receipts totaled \$42.8M as of 5/31/13 or 86% of the \$50.0M goal
- The number of cash basis household donors was 32,481 or 108% of the 30,000 goal as of 5/31/13
- The Annual Fund raised \$7.8 million from 27,190 donors as of 5/31/13 (+8% in dollars and +26% in donors compared to the same period last fiscal year)
- Portfolio performance for the fiscal year to 3/31/13 was up 7.71% compared to global equities: 17.06% and global bonds: 0.62%
- Endowments managed by the Foundation made \$11.5M available in spending allocations for FY 2013, an increase of almost \$1.0M from last year
- As of 3/31/13, total assets managed by the UConn Foundation were \$437.9M; endowment assets were \$334M
- The UConn Law School Foundation manages an additional \$18.9M of endowment assets

**University of Connecticut Foundation
Total Gift Receipts (in millions) - Fiscal Years 2004 - March 31, 2013**



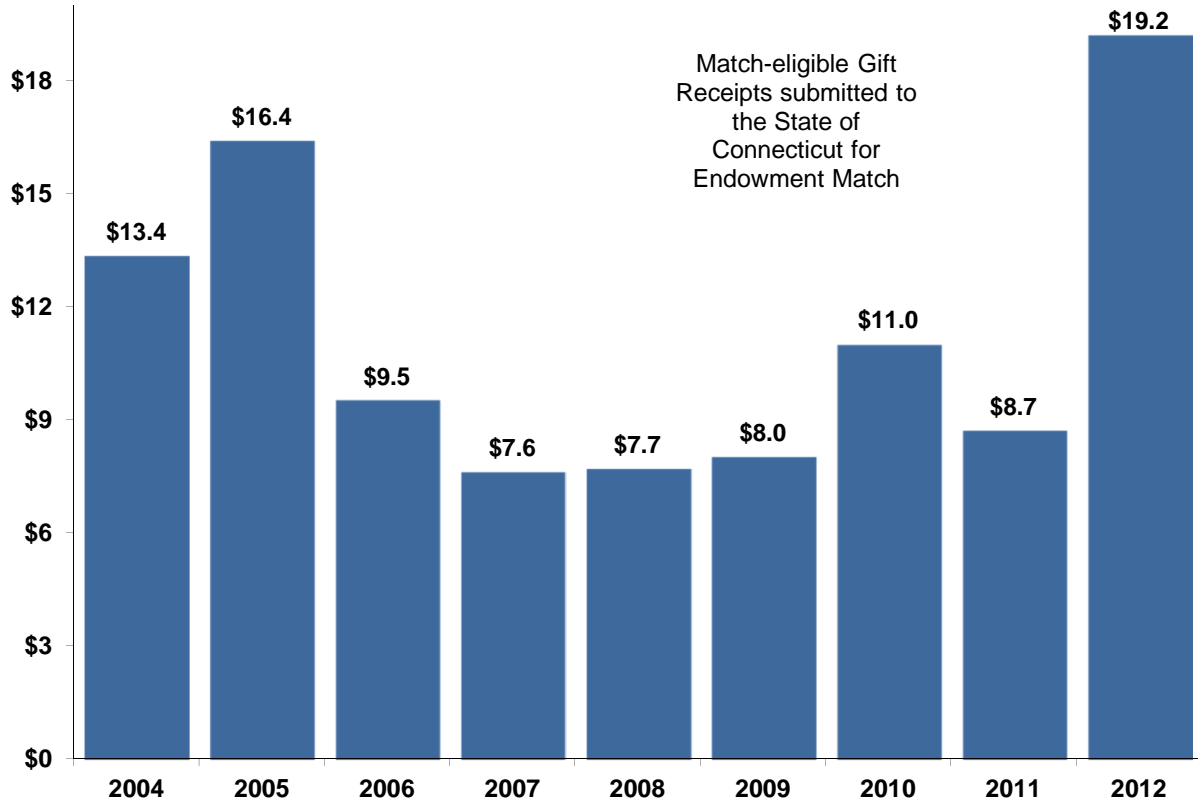
*Excludes the EDS software gift of \$146.1M

**University of Connecticut Foundation
Total New Gifts and Commitments - Fiscal Years 2004 - March 31, 2013**

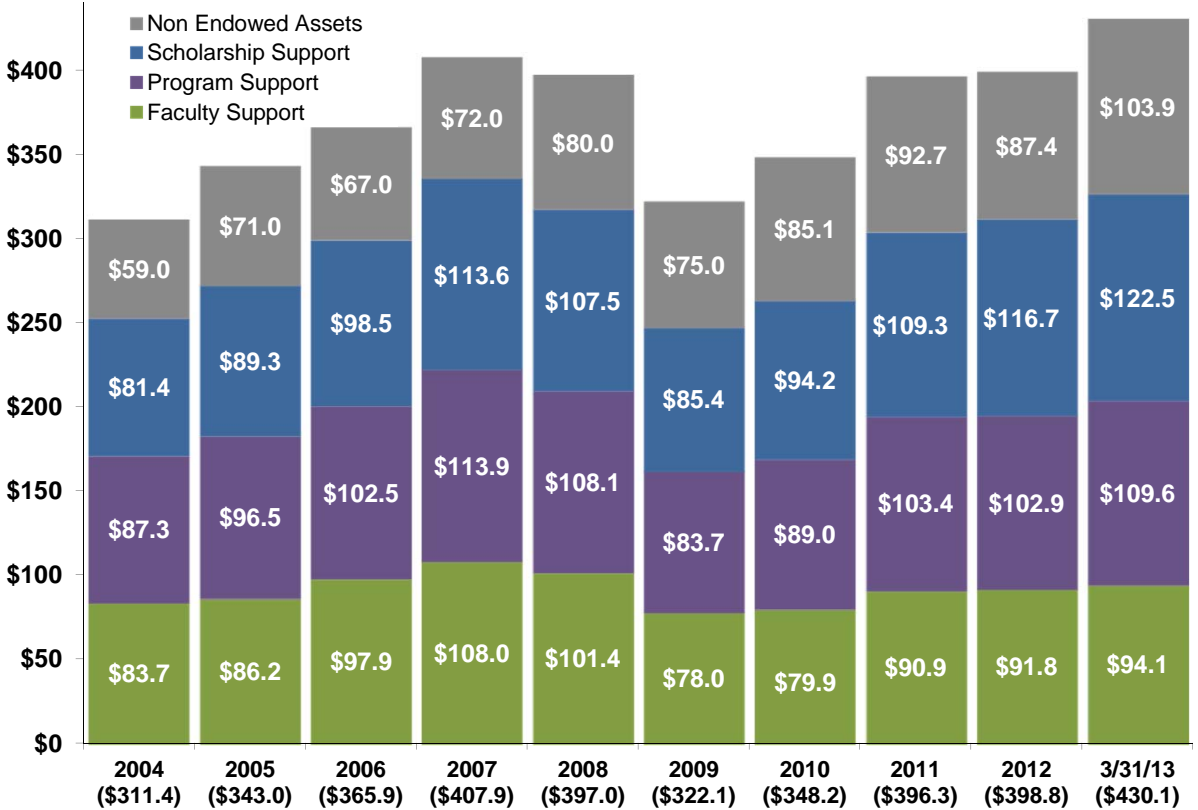


*Excludes the EDS software gift of \$146.1M

University of Connecticut Foundation State Endowment Match (in millions) - Calendar Years 2004 - 2012

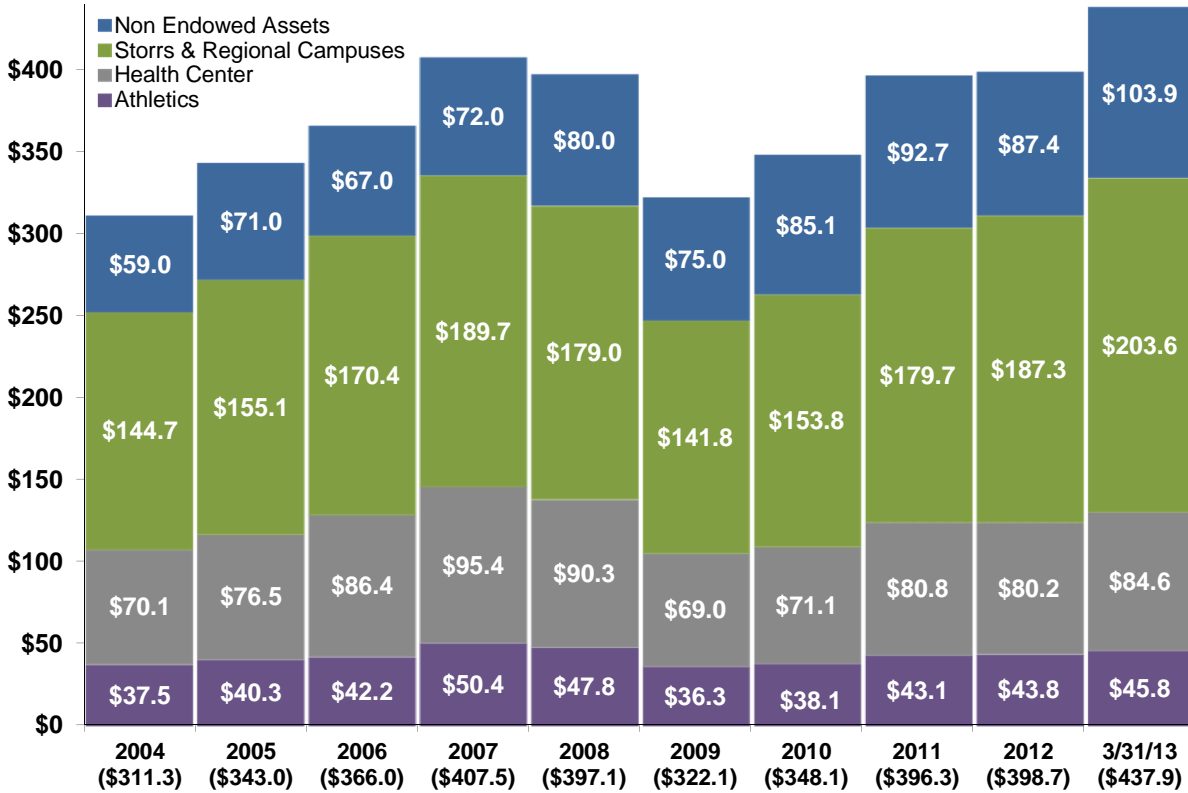


University of Connecticut Foundation Total Managed Assets by Purpose (in millions) - Fiscal Years 2004 - March 31, 2013



University of Connecticut Foundation

Total Managed Assets by Designation (in millions) - Fiscal Years 2004 - March 31, 2013



University of Connecticut Foundation

**Disbursements in Support of Students, Faculty & Programs (in millions)
Fiscal Years 2004 - March 31, 2013**

